

ALAMEDA GOLF COMMISSION
MINUTES OF REGULAR MEETING

Wednesday, September 19, 2007

1. CALL TO ORDER

Chair Bob Wood called the regular meeting to order at 6:30 p.m. at Harrison Center, Lincoln Park, 1425 High Street.

1-A. Roll Call

Roll call was taken and members present were: Commissioner Bill Delaney, Commissioner Betsy Gammell, Vice Chair Ray Gaul, Commissioner Bill Schmitz, Secretary Jane Sullwold and Chair Bob Wood. Absent: Commissioner Sandré Swanson. Also present were Interim General Manager Dale Lillard, Golf Services Manager Matt Plumlee and Golf Superintendent Doug Poole.

1-B Approval of Minutes – Regular Meeting of August 15, 2007.

Commissioner Gammell asked why the three items requested to be on the agenda at the last meeting were not included. The Interim General Manager stated that the meeting was going to focus on the Operational Review, which does reference the Mif Albright Course and the Clubhouse Project. Commissioner Gammell asked that the third item requested, the Saturday Morning Free Junior Clinics be discussed if time allows.

The Commission made the following corrections to the minutes:

Item 1-B-page 1-line 2: "absence" should be "absent".

Item 3-page 1-line 3: "be" needs to be added between would and at.

Item 3-page 1-line 5: "change" should be "chance".

Item 4-A-page 3-line 1: "2007" should be "2007/2008".

Item 4-A-page 3-line 8: "to" needs to be removed between made and by.

Item 4-B-page 3-line 3: "will" needs to be added between Commission and review.

Item 5-A-page 3-line 2: "to help" needs to be changed to "who helped".

Item 5-B-page 4-line 3: "he has" needs to be added between Recently and replaced.

Item 5-B-page 4-line 7: "part" should be "path".

Secretary Sullwold suggested that the minutes be sent to her for review prior to being sent out to avoid the time spent on small corrections at the meeting.

The Commission approved the minutes unanimously with the aforementioned corrections.

1-C Adoption of Agenda

The following changes were made to the agenda:

6-H-Golf Complex Restaurant Report, Jim's on the Course will be moved to Item 4-B for this meeting. The Saturday Morning Free Junior Clinics item will be added to the agenda provided time allows.

The Commission adopted the agenda unanimously with the aforementioned changes.

2. ORAL COMMUNICATIONS

3. COMMISSION COMMUNICATIONS

Chair Wood read the following communication to the Golf Commission regarding his meeting on September 12, 2007 with the Chief Financial Officer, Juelle Ann Boyer:

At the August 15, 2007 Golf Commission Regular Meeting, Commission members directed me, as Chairman, to contact the City Chief Financial Officer, Juelle Ann Boyer, to find out why the Commission has not yet received, Monthly Report financial data of the Alameda Golf Complex operations for the months of June and July, 2007. Such data, representing the preceding month's golf operations, had been consistently presented for decades, so that Commissioners and the public could review, discuss and possibly recommend subsequent action to the staff and/or City Council. But the Monthly Report had always been prepared by the senior management of the Golf Complex, based on cash register receipts and expenditures under their control. Typically, the golf staff Monthly Report for June did not ultimately coincide with subsequent Finance Department reconciliation that take place annually during the months of July and August, before the fiscal year-end books are closed by the Finance Department. The resulting mismatch of financial reporting annually caused confusion on the part of the Golf Commission and the public. I met briefly with Juelle Ann at the City Finance Department on 12 September 2007. The Finance Department now appreciates that the Commission, since the May 2007 Report, had not even received (1) attendance figures in each of the fee categories, (2) numbers of monthly and annual tickets sold in each category, (3) a breakdown of daily & pass ticket players, (4) numbers of surcharge rounds in each category, and (5) numbers of rain days. Because June and July are always two of the most active months of the Golf Complex operations, it is important for the Commission to be aware of the record of activity during those months and be able to compare it to the previous year's data. Juelle Ann will work with the Interim General Manager of the Golf Complex to assure that the quantitative data, as outlined above, will be provided in future June Reports. But my understanding is that, also in the future, the actual dollar-amounts attributable to both revenues and expenditures for the month of June will not be provided to the Commission and public until the September Regular Meeting of the Golf Commission. July Reports, including quantitative and revenue/expenditure dollar-amount information will be provided on a timely basis. Commissioner Gammell reported that she received a written request from a member of the Alameda Women's Golf Club regarding the use of

a privately owned golf cart at the Golf Complex. The item was brought to the previous General Manager over a year ago and since then the customer has had the golf cart licensed through the DMV and has had it insured. The Interim General Manager has spoken to the Risk Manager regarding the issue and they are looking into the proposition. The item will be brought up at next month's Golf Commission Meeting. The request was made to have copies of the request distributed to the Golf Commissioner's prior to the October meeting.

4. AGENDA ITEMS:

4-A Election for Golf Commission Board Positions. (Action Item)

The Nominations for Golf Commission Board positions for 2007/2008 were as follows:

Chair: Jane Sullwold

Nominated by Vice Chair Gaul and seconded by Commissioner Gammell.

Vice Chair: Ray Gaul

Nominated by Commissioner Gammell and seconded by Secretary Sullwold.

Secretary: Bill Delaney

Nominated by Secretary Sullwold and seconded by Vice Chair Gaul.

The motion was made by Commissioner Gammell and seconded by Vice Chair Gaul to accept the nominees as stated. The Golf Commission elected the nominees unanimously.

4-B Golf Complex Restaurant Report, Jim's on the Course.

Chair Wood introduced Dimitrios Dimopoulos, the new General Manager at Jim's on the Course and encouraged him to attend the monthly Golf Commission Meetings to give a Restaurant Report.

4-C Presentation and Acceptance of Golf Complex Operational Review with National Golf Foundation (NGF). (Action Item)

The Interim General Manager stated that earlier this year the City Council directed the Golf Complex to go through an operational review. During that process, a Request for Proposals (RFP) was developed and The National Golf Foundation (NGF) was awarded the contract. Chair Wood introduced Ed Getherall and Richard Singer of NGF. NGF began its work in May 2007 and completed its report in early September. Representatives from NGF were present to give an overview of how the report was compiled and how they based their recommendations. Mr. Singer, Director of Consulting Services, expressed his appreciation to the City of Alameda for bringing NGF in to help with the golf system. Mr. Singer introduced Ed Getherall, Senior Project Manager for the Chuck Corica Golf Complex project. Mr. Singer also mentioned a third member of the consulting team, Forrest Richardson, a Golf Course Architect, who was unable to attend although contributed to the study.

Mr. Singer gave an overview of NGF, stating that is a not-for-profit research association dedicated to helping golf businesses succeed. They have performed many consulting projects similar to the one at the Chuck Corica Golf Complex. Mr. Getherall and Mr. Richardson spent a considerable amount of time at the Complex and Mr. Getherall also visited a number of the competing courses in the area to compare and trends, to better understand the overall golf market in the region and match it up with the national golf market. Mr. Singer stated that the golf business is a tough one to be in currently, and what the City of Alameda is experiencing is not unique. He added that there are many municipal golf facilities faced with the same problems, and it is NGF's goal to help the City of Alameda find ways to preserve its golf asset for the long-term future. The report is not based on a quick fix and short-term solution but rather the long term.

In general, it seems that the golf operation has a lot of little problems that add up very quickly to a major issue. Many of the problems concern the physical quality of the golf facility. The Complex is in need of upgrades and the problem is who is going to pay for them. The amount needed for improvements is approximately ten million dollars, and either the City of Alameda will need to pay for them out of the General Fund or privatize the operation and remove the responsibility for improvements from the City. There are things that can be done to the facility to make it more aesthetically pleasing, but there are also items such as drainage improvements that would enhance the capacity to have more rounds played. The report also recommends that the City have a Master Plan of the facility prepared for the long term. NGF does not believe that it is realistic to expect that the Chuck Corica Golf Complex will earn sufficient revenue to cover all of its operational expenditures and capital improvements while at the same time making substantial payments to the City of Alameda's General Fund. In the best case scenario the Complex would be able to cover all operating expenses and be able to put money aside for future improvements.

Mr. Singer stated that the study looked at three scenarios that might be considered for the future long-term operations of the golf facility and turned the floor over to Mr. Getherall to elaborate on them. Mr. Getherall stated that the RFP was issued due to the fact that the rounds of golf played at the Chuck Corica Golf Complex had steadily declined over the past 10 years by approximately 100,000 since 1997 and with that sort of decline in rounds your revenue will also decrease. Over the same period of time, the expenses have increased, especially the cost of public labor. Mr. Getherall stated that some of the payments from the Golf Complex to the General Fund are quite common for municipal golf courses, but it is unrealistic for the City to receive the surcharge and return on investment payments during a time when revenues are low. Also pointed out was the fact that the golf market is down both regionally and nationally, and rounds have been affected by the large number of newer private daily fee golf facilities in the area who have the ability to discount their fees when necessary.

The first scenario studied by NGF is for the Complex to carry on "As Is." NGF predicts that the operating reserve would be used up within five years and the

General Fund will be subsidizing the Golf Complex if nothing changes. The second scenario is continued self-operation with implementation of NGF's operational recommendations such as dealing with the pace of play problem, marketing business plan, customer service issues and a stand-alone banquet facility. Under this scenario, the bottom line will improve although the City will have to continue depleting the operating reserve, and major facility improvements will be deferred. The third scenario is to bring in an outside private management company, in which case the burden of risk is transferred from the City. Mr. Getherall stated that ending the transfers from the Golf Complex to the General Fund would help, although it is ultimately a short-term fix and the need for physical improvements is more than those funds could provide. Mr. Getherall said that the golf market is not going back to what it was and it is unrealistic to expect rounds to ever return to the high levels reach in the early 1990s; this is the market that golf facilities have to operate in. For a long-term solution, NFG's suggestion is to shift the burden of risk to private management. Many cities in the Bay Area are experiencing the same problems with revenue loss and depleting golf funds. Mr. Getherall pointed out that there are factors in the golf market that cannot be controlled, such as the number of courses in the area, the economy, and the overall state of the golf industry. Ultimately the key question for the City of Alameda is whether it is prepared to fund some of the improvements.

Chair Wood stated that the Operational Review Report is available on line at the City of Alameda web site and there is a copy at the Alameda Main Library. The discussion was opened to the floor and the comment was made that the City of Alameda has always been known for its wonderful junior Golf Program and it would be wrong to raise the junior fees as the report suggested. Another comment was that the over-abundance of full-time management in the Pro Shop is a large part of the problem. In reference to the NGF recommendation to close the Mif Albright Course, several audience members commented that (1) it is the perfect place for parents to take their children to learn the game of golf, although (2) the course was ruined when the practice area took two of the holes away and reconfigured the layout, and (3) that the Mif Albright Course is ideal for older golfers who can no longer play on the big courses. The question was asked if the Mif Albright Course was renovated would it have potential to become a moneymaker. Mr. Getherall stated that if the course was used as a learning course to cultivate new players it could possibly be more successful in the long term.

Secretary Sullwold stated that she believes there is a fourth scenario not analyzed by NGF, where the Mif Albright Course is closed and the land leased out, the City of Alameda cuts back the paybacks to the General Fund substantially, and other recommendations in the report regarding staffing, operational improvements, a stand-alone banquet facility, and improvements to the Driving Range were implemented. She asked if these were done what would the potential revenue stream be over the next five years. Mr. Singer stated that the unknown is what amount could be generated by a lease of the Mif Albright property. If it is a substantial amount then the answer is probably yes, you might be able to make it work. The comment was made that a rumor is going around

town that the developer Ron Cowan was interested in moving the Harbor Bay Club to the Mif Albright Course site. The Superintendent stated that the Mif Albright Course is now basically a practice facility the way it is set up now. Customer just use the practice area for free and do not pay to play the par 3 course. The suggestion was made to turn the Mif Albright Course into an 18-hole putting course with only greens. Chair Wood asked if NGF has seen this sort of operation succeed in other areas. Mr. Singer said that the cost to renovate it into a putting course would be just as expensive as it would be to redo the entire course. He said that the best way to attract customers to a par 3 course is to have special events on it or turn it into a lighted facility.

Secretary Sullwold asked if currently there are management companies interested in taking over and leasing golf operations that need a large amount of money in improvements. Mr. Singer stated that it would depend on what sort of deal was put on the table. Commissioner Schmitz asked for a ballpark payment figure the City of Alameda could expect to receive from a lessee. Mr. Singer said that there is generally a guaranteed minimum lease payment and then approximately 8-10% of gross revenue. He did mention that the more constraints that are placed on a lessee, the less the return is. The City of Alameda could expect to earn approximately \$500,000 per year. Also mentioned was that in the current golf market it is becoming more common for contracts to have a renegotiation clause. Secretary Sullwold stated that she believes that the way a lessee makes the deal work is by releasing all of the full time civil servant employees and replace them with a part time nonunion work force, significantly lowering labor costs. Commissioner Schmitz asked what sort of commitment and follow through has NGF seen on the part of the lessee to actually do the improvements promised. Mr. Singer stated that it is important to have a reputable vendor to start with, also a contract with specific measurable goals and strong oversight to ensure that the improvements are being done. The question was raised about leasing out separate pieces of the operation. Mr. Singer stated that leasing out separate parts of the operation is done although not as attractive to a vendor and with the maintenance side of the operation there is no revenue source so the City of Alameda would be paying the contractor.

Chair Wood stated that he did not think that the Operational Review mentioned the affect of the geese problem at the Complex. He stated that it is a huge problem and is costing the Golf Complex customers. The suggestion was made to look into having the goose control dogs returned. The program was discontinued due to the annual expense of \$18,000.

Commissioner Delaney stated that he feel NGF did an outstanding job on the Operational Review Report and hit on all of the crucial points. He said that the Complex needs a Master Plan for the long term and additional marketing efforts. He suggested that the Golf Commission accept the report and also form a task force to develop a consensus to bring back to the Golf Commission and from that build a Master Plan. The Golf Commission complimented NGF on the thoroughness of the report. The motion was made by Commissioner Delaney to accept the Operational Review and seconded by Vice Chair Gaul. The Commission approved the motion unanimously.

5. ORAL REPORTS

5-A Golf Shop and Driving Range activities report by Golf Services Manager Matt Plumlee.

The Golf Services Manager reported that the Golf Complex made \$68.00 for the Patriot Day promotion.

5-B Golf Complex Maintenance activities report by Superintendent Doug Poole.

The Superintendent reported that the crew would be aerating the Jack Clark Golf Course on Monday, September 24, 2007.

5-C Beautification Program by Mrs. Norma Arnerich.

Nothing to Report.

6. COMMISSIONERS' REPORTS

6-A Marketing and Promotions, Commissioner Gammell.

Nothing to Report.

6-B Golf Complex Financial Report, Vice Chair Gaul.

Vice Chair Gaul reported that the Golf Commission had just received the month0-end July 2007 and August 2007 financial reports at the meeting and the Golf Commission is not prepared to discuss them. The request was made to include the prior year's amounts to use as a comparison. The request was made to receive a report showing the number of "Complimentary Rounds" and golf cart rentals for the month. Commissioner Schmitz expressed his disappointment with the new reports being received from the City of Alameda finance Department and stated that the Golf Commission is now receiving less information than ever before. Another complaint was made concerning the end of the year reports, which have not yet been received.

6-C New Clubhouse Project, Commissioner Schmitz.

Chair Wood voiced his disappointment with the delay in receiving the cost estimates for the scheme he prepared using the existing clubhouse building. He also stated that the Operational Review said that the building was 6,300 square feet when actually it is 10,300 square feet when the restaurant building is included.

6-D Maintenance, Buildings, Security, Albright Course and Driving Range, Secretary Sullwold.

Nothing to Report.

6-E City Council and Government Liaison, Commissioner Swanson.

No Report.

6-F Front Entrance Beautification Project, Chair Wood.

Nothing to Report.

6-G Golf Complex 80th Anniversary, Commissioner Delaney

Commissioner Delaney reported that a proclamation was written for the 80th Anniversary and will be presented at the City Council Meeting on October 2, 2007. The Golf Services Manager sent out a email blast promoting October 19, 2007, as the date to celebrate the 80th Anniversary of the Chuck Corica Golf Complex, and offering special golf rates of \$80 per foursome including carts after 12:00 pm on Friday, October 19, and Friday, October 26. The request was made to the Golf Services Manager to have all of the email addresses in the Ladies Club Roster Book entered in to the database for the website so that they can receive the email information.

6-H Golf Complex Restaurant Report, Jim's on the Course.

Previously given.

7. ORAL COMMUNICATIONS, NON-AGENDA (Public Comment)

Mrs. Arnerich reported that Alameda High School has started a Girls Golf Team.

8. OLD BUSINESS

Commissioner Gammell asked how the Complex can reinstate the Saturday Morning Junior Golf Clinics. The Golf Services Manager said that he would discuss it with the Independent Contractors and see what the interest level is and how to make it work.

9. WRITTEN COMMUNICATIONS

Included in the Commission packet was a memorandum to the Finance Department showing \$15,145 as the surcharge payment for August 2007. The year-to-date total to the General Fund is \$31,530 for the fiscal year 2007/2008.

10. ITEMS FOR AGENDA OF NEXT MEETING

Report on Saturday Morning Junior Golf Clinics
Mif Albright Golf Course
Clubhouse Project Cost Estimates

11. ANNOUNCEMENTS/ADJOURNMENT

The Golf Commission will hold a Work Session on October 10, 2007 at 6:30 pm in the Ladies Lounge at the Golf Complex.

The Interim General Manager presented outgoing Chair Wood with his parking lot sign in commemoration of the completion of his second four-year term on the Golf Commission. Commissioner Delaney thanked Chair Wood for his service to the Golf Commission. Chair Wood said it has been an honor, privilege and an education to serve on the Golf Commission for the past eight years. He also stated it has been a pleasure to work with all of the members of the Golf Commission and get to know them personally, as volunteers, as dedicated Alamedans, and as fellow fanatic golfers. He also thanked the Golf Complex staff.

The Meeting was adjourned at 9:27 PM.

The agenda for the meeting was posted 72 hours in advance in accordance with the Brown Act.